



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
1200 Sixth Avenue
Seattle, Washington 98101

March 30, 2007

Reply To
Attn Of: ORC-158

Kevin Beaton
Stoel Rives
101 S. Capitol Blvd., Suite 1900
Boise, Idaho 83702

Re: Avery Landing Site
Shoshone County, Idaho.

Dear Mr. Beaton:

This letter responds to your January 25, 2007, reply to our notice of liability to the Potlatch Corporation ("Potlatch") concerning the Avery Landing site. It also follows up on our related telephone conversation on February 20, 2007.

In our notice letter dated January 5, 2007, the U.S. Environmental Protection Agency (EPA) advised Potlatch of its potential liability under federal law for potential discharges of oil and releases of hazardous substances from the Avery Landing site. In reply, your letter requested that EPA defer federal action against Potlatch at this time, allowing Potlatch to pursue negotiations with the State of Idaho. EPA has considered your request and discussed the matter with the Idaho Department of Environmental Quality (IDEQ).

In our conversation on February 20, 2007, I indicated EPA's openness to a two-pronged approach to possible contamination at the site. First, at this time, Potlatch may respond to on-going discharges of oil to the St. Joe River by promptly entering into an enforceable agreement (e.g., an amended consent order) with IDEQ to address these concerns. Second, EPA may be willing to use its own authority and funding to conduct a broader investigation of hazardous substances at the site, attempting to identify the nature and extent of such contamination. In

allowing action to proceed under state law and carrying out this investigation, EPA reserves its right to pursue all appropriate parties for response or cost recovery, consistent with CERCLA and any other applicable authorities. As I mentioned, we have already provided notice of liability to the Milwaukee Railroad and its corporate successor, and intervened in its bankruptcy proceeding.

For now, all EPA requires of Potlatch is written consent for access to carry out the investigation on the portion of the site owned by Potlatch. As you know, EPA has statutory authority to compel access to conduct site investigations. However, you also noted that exercise of such authority should not be necessary obtain access to Potlatch's property in this circumstance. Accordingly, please review the attached copy of EPA's standard access agreement, return to me a copy signed on behalf of Potlatch, and let me know if you or your clients have any questions. EPA's On-Scene Coordinator, Earl Liverman, is planning to mobilize to the site on or about April 16, 2007, so we request your signed agreement by **April 9, 2007**.

Site activities are estimated to take up to ten days of field work, and include sampling of soils, sediments, and surface water. Groundwater wells will also be installed for periodic monitoring. Proposed sample locations are identified specifically in the attached map, designated "Figure 7."

If your clients have any technical questions concerning our investigation work for the Avery Landing site, please have them contact Earl Liverman at (208) 664-4858. Of course, if you have any related legal questions, please feel free to contact me at (206) 553-1185.

Sincerely,

Clifford J. Villa
Assistant Regional Counsel

cc: Doug Conde, Idaho Attorney General's Office